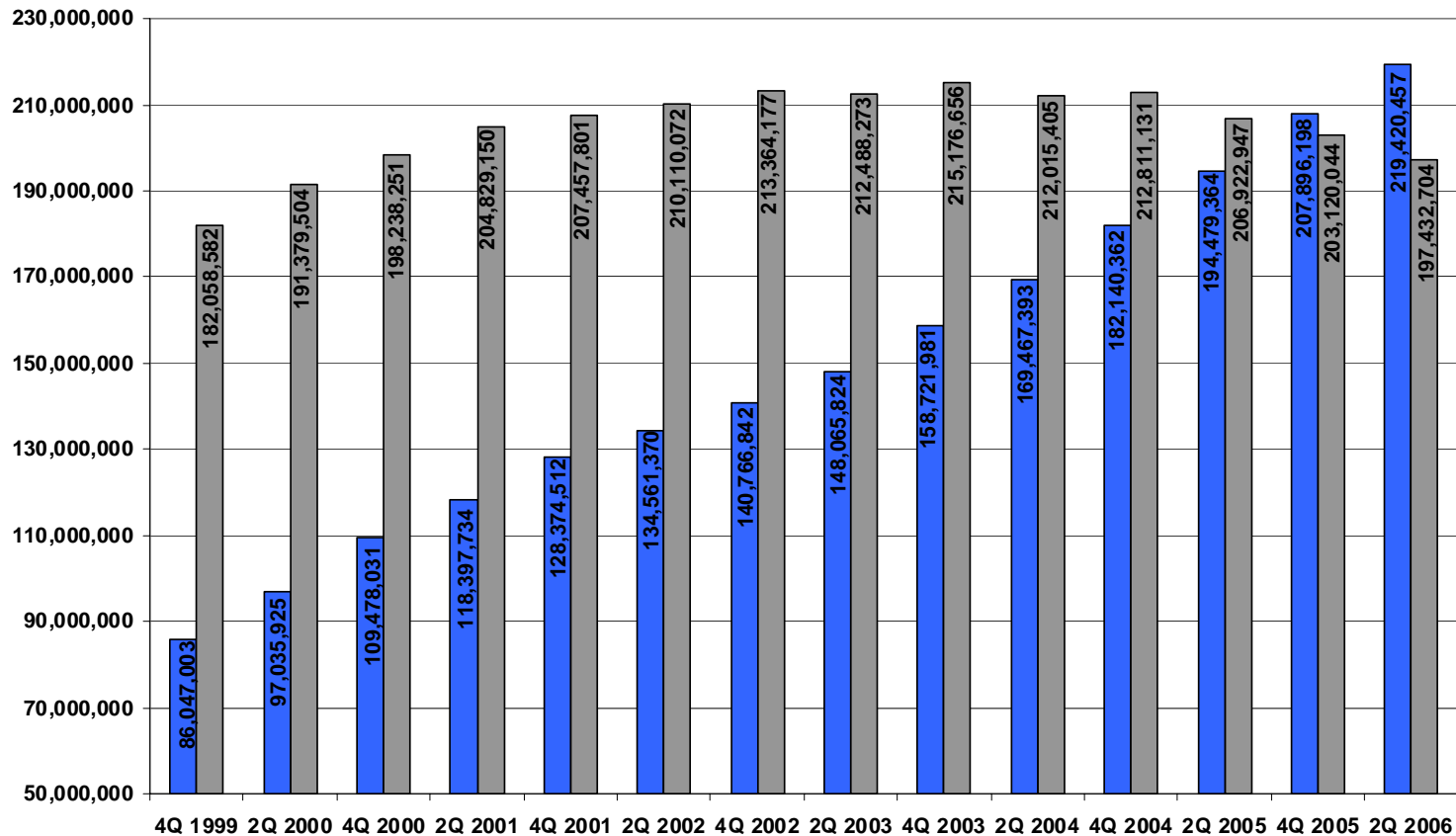


Wireless Subscribership Has Passed Wireline

Total ILEC and CLEC End-User Lines vs. Wireless Subscribership: 1999 - 2006

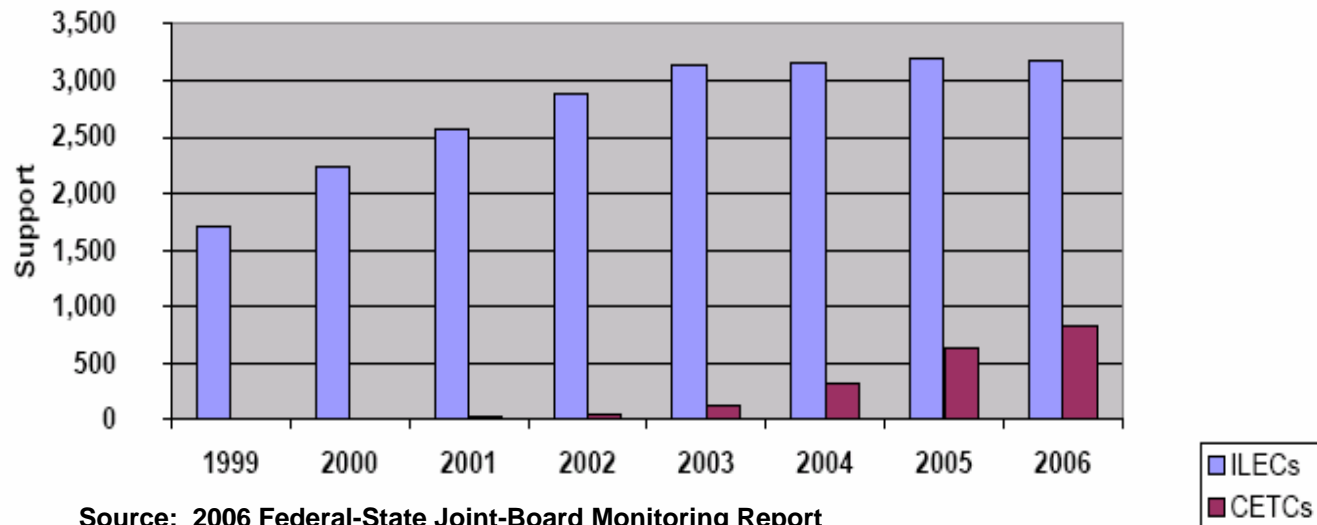


Sources: CTIA, USAC, FCC Local Competition Report

Wireless Subscribers Total ILEC and CLEC End User Lines

CLEC lines estimated
for 2Q06

Chart 3.2
Total High-Cost Support Fund Payments - ILECs and CETCs
(In Millions of Dollars)

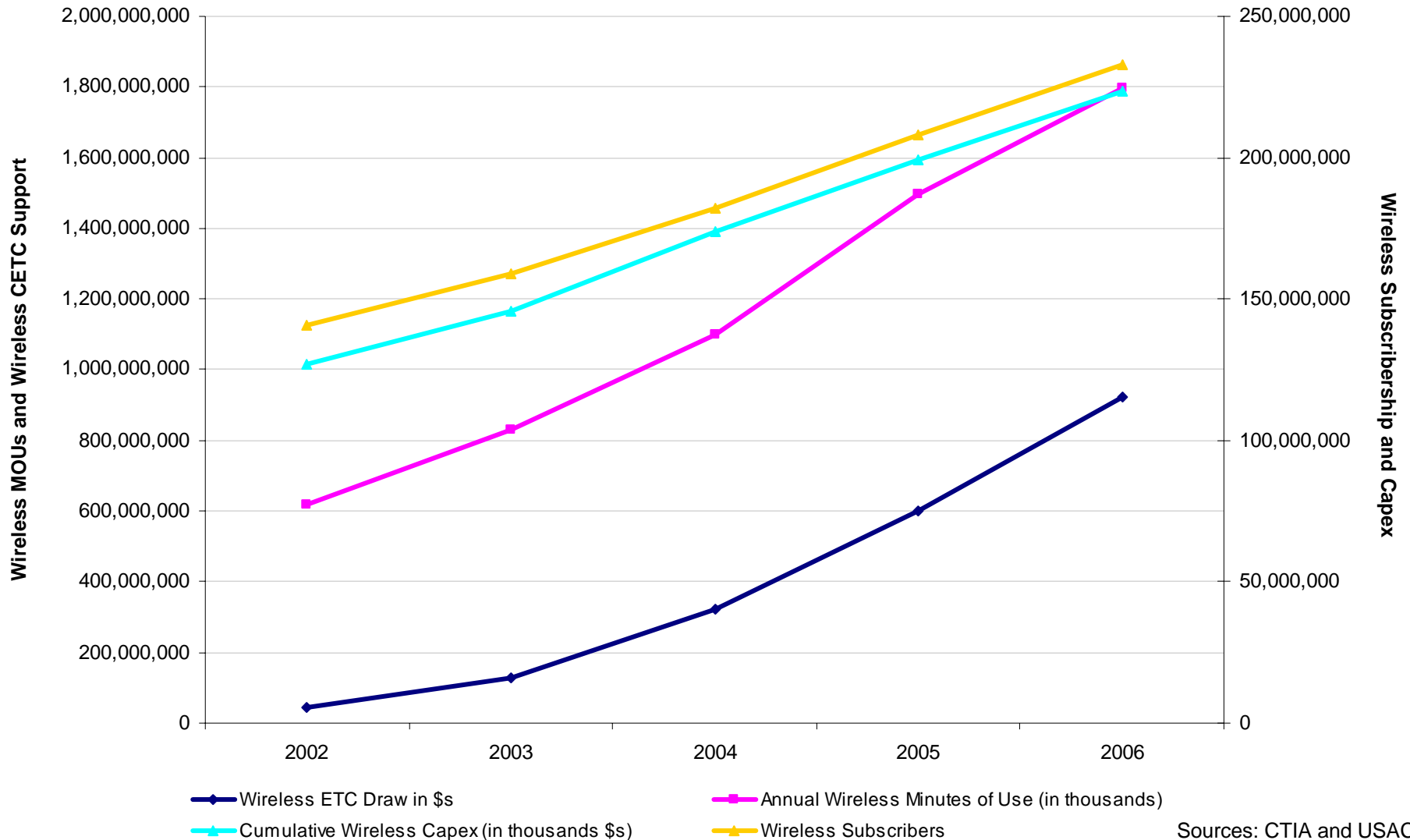


Total High-Cost Support 1999-2006:

ILEC: \$22,054,700,000
CETC: \$1,969,200,000

Concerns About Wireless USF Growth Overlook the Wireless Industry's Track Record

Comparing Wireless CETC USF Support and Wireless Industry Metrics' Trends



Short Term – Three Critical Reforms Before Reverse Auctions are Implemented.

- Disaggregation: Rural ILECs Must Accurately Target Support to Areas that Are “High-Cost” for Their Networks.
- Portability: Support to Rural ILECs Must Be Made “Fully Portable”
- Efficiency: Support to Rural ILECs Must Not Exceed the Actual Cost of Building an Efficient Network.